

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Hampden County Regional Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: October 3, 2016

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 and January 1 of each fiscal year. The schedule is effective in FY17 (since the amount under the prior schedule was maintained in FY17) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.875% to 7.75% and the adoption of a fully generational mortality assumption.

If you have any questions, please contact PERAC's Actuary, Jim Lamenza, at (617) 666-4446, extension 921.

Enc.



SECTION 2: Valuation Results for the Hampden County Regional Retirement System

CHART 16
Fully funded by 2036

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of 2002 ERI Liability	(4) Amortization of 2003 ERI Liability	(5) Amortization of Funding Holiday Liability	(6) Amortization of Remaining Unfunded Liability	(7) Total Plan Cost: (2) + (3) + (4) + (5) + (6)	(8) Total Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(9) Total Plan Cost: % Increase
2017	\$5,905,281	\$141,488	\$70,808	\$33,428	\$18,779,317	\$24,930,322	\$357,759,392	--
2018	6,135,960	141,488	70,808	33,428	20,543,064	26,924,748	365,365,253	8.00%
2019	6,375,591	141,488	70,808	33,428	22,457,413	29,078,728	371,695,267	8.00%
2020	6,624,518	--	70,808	33,428	24,676,272	31,405,026	376,491,281	8.00%
2021	6,883,100	--	--	--	27,034,328	33,917,428	379,462,002	8.00%
2022	7,151,709	--	--	--	29,479,113	36,630,822	380,279,360	8.00%
2023	7,430,732	--	--	--	32,130,556	39,561,288	378,574,509	8.00%
2024	7,720,570	--	--	--	35,005,621	42,726,191	373,933,421	8.00%
2025	8,021,640	--	--	--	37,466,719	45,488,359	365,892,039	6.46%
2026	8,334,376	--	--	--	38,965,387	47,299,763	354,624,644	3.98%
2027	8,659,226	--	--	--	40,524,003	49,183,229	340,899,065	3.98%
2028	8,996,657	--	--	--	42,144,963	51,141,620	324,461,394	3.98%
2029	9,347,155	--	--	--	43,830,762	53,177,917	305,035,510	3.98%
2030	9,711,221	--	--	--	45,583,992	55,295,213	282,321,254	3.98%
2031	10,089,380	--	--	--	47,407,352	57,496,732	255,992,463	3.98%
2032	10,482,172	--	--	--	49,303,646	59,785,818	225,694,843	3.98%
2033	10,890,163	--	--	--	51,275,792	62,165,955	191,043,676	3.98%
2034	11,313,935	--	--	--	53,326,824	64,640,759	151,621,343	3.98%
2035	11,754,098	--	--	--	55,459,896	67,213,994	106,974,650	3.98%
2036	12,211,281	--	--	--	57,678,293	69,889,574	56,611,945	3.98%
2037	12,686,138	--	--	--	--	12,686,138	--	-81.85%

Notes: Recommended contributions are assumed to be paid on July 1 and December 31.

Assumes contribution of budgeted amount for fiscal 2017.

Maximum increase in the appropriation from one fiscal year to the next is 8%.

Item (2) reflects 3.5% growth in payroll and 0.15% adjustment to total normal cost to reflect the effects of mortality improvement due to the generational mortality assumption.

Projected normal cost does not reflect the future impact of pension reform for future hires.

Projected unfunded actuarial accrued liability does not reflect deferred investment gains or losses.